



Claire McCaskill

Missouri State Auditor

May 2006

ADMINISTRATION

Children's Trust Fund Board



Office Of The
State Auditor Of Missouri
Claire McCaskill

May 2006

The following report is our audit of the Children's Trust Fund Board (CTFB).

The CTFB was established by state statute to provide child abuse and neglect public awareness programs throughout the state. Under statutory provisions, any individual or corporation may designate a part or all of his/her income tax refund to be contributed to the Children's Trust Fund. Additional funding is derived from contributions made directly to the Children's Trust Fund, fees on marriage licenses, certified copies of marriage licenses, vital records, and federal grants. Program disbursements of approximately \$2.5 and \$2.2 million were distributed to recipient programs in fiscal years 2005 and 2004, respectively.

During our audit, we noted the CTFB did not track disbursements for media services and, as a result, the amount paid during the year ended June 30, 2005, exceeded the contracted amount by approximately \$53,000. The CTFB disbursed approximately \$253,000 and \$199,000 related to these contracts during fiscal years 2005 and 2004, respectively. In addition, the CTFB did not periodically request supporting documentation from license plate partner grantees during the years ended June 30, 2005 and 2004. During this time period, the CTFB disbursed license plate funds of approximately \$77,000 and \$126,000, respectively, to 29 grantees.

The Executive Director indicated the Board of Directors intends to fully implement the recommendation to establish monitoring procedures for all contracts and grants.

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YELLOW SHEET

CHILDREN'S TRUST FUND BOARD

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Members of the Children's Trust Fund Board
and
Kirk Schreiber, Executive Director
Jefferson City, MO 65101

We have audited the Children's Trust Fund Board. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2005 and 2004. The objectives of this audit were to:

1. Review internal controls over significant management and financial functions.
2. Review compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations.

Our methodology to accomplish these objectives included reviewing minutes of meetings, written policies, financial records, and other pertinent documents; interviewing various personnel of the board; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the board's management and was not subjected to the procedures applied in the audit of the board.

The accompanying Management Advisory Report presents our finding arising from our audit of the Children's Trust Fund Board.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

February 24, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Peggy Schler, CPA
In-Charge Auditor:	Keri Wright

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

CHILDREN'S TRUST FUND BOARD
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

Contract Monitoring

The Children's Trust Fund Board (CTFB) did not adequately monitor contracts for media services and license plate partner grants.

- A. The CTFB did not track disbursements for media services and, as a result, the amount paid during the year ended June 30, 2005, exceeded the contracted amount by approximately \$53,000. Beginning December 1, 2000, the CTFB contracted for media services at an annual price of \$200,000, with contract renewals through fiscal year 2005. Media services included maintaining the CTFB website, providing prevention literature and advertisements, and collecting credit card donations over the telephone. The CTFB disbursed approximately \$253,000 and \$199,000 for media services during fiscal year 2005 and 2004, respectively, and payments surpassed the \$200,000 contracted amount in April 2005.

Effective January 1, 2006, the CTFB contracted for media services using a preexisting state contract which provides billing at an hourly rate, with no maximum annual amount. The CTFB has also contracted for telephone center services at an annual cost of \$12,000.

- B. The CTFB did not periodically request supporting documentation from license plate partner grantees during the two years ended June 30, 2005. License plate partner grants are awarded to community organizations for partnering with the CTFB for the promotion of the board's specialty license plates. Donations received by the CTFB through the sale of license plates are earmarked and disbursed to specific grantees, as designated by donors. Disbursements are made based on detailed reimbursement requests of actual expenses incurred for approved projects. The grant agreements provide that grantees must maintain supporting documentation at the local level for expenses incurred for five years and that such documentation shall be made available upon the request of the CTFB.

During the years ended June 30, 2005 and 2004, the CTFB disbursed license plate funds of approximately \$77,000 and \$126,000, respectively, to 29 grantees.

Without proper monitoring procedures there is less assurance of compliance with contract provisions.

WE RECOMMEND the CTFB establish monitoring procedures for all contracts and grants. This should include periodic reviews of supporting documentation for the license plate partner grant disbursements.

AUDITEE'S RESPONSE

The Executive Director indicated the CTF Board of Directors intends to fully implement the recommendation. The current CTF policy addressing contract monitoring and procedures is being revised and will be placed before the CTF Board of Directors for review and approval at the next scheduled board meeting, June 1, 2006. The revised language includes monitoring procedures for all contracts, including license plate partners, and not just those limited to general prevention and CBCAP grantees. Once approved, the revision will take affect July 1, 2006.

This report is intended for the information and use of the management of the Children's Trust Fund Board and other applicable government officials. However, pursuant to Section 29.270, this report is a matter of public record and its distribution is not limited.

FOLLOW-UP ON PRIOR AUDIT FINDINGS

CHILDREN'S TRUST FUND
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the Children's Trust Fund Board on findings in the Management Advisory Report (MAR) of our prior audit report issued for the two years ended June 30, 2003.

1. Contract Management

Home visitation services contracts were not adequately monitored.

Recommendation:

The CTFB ensure adequate monitoring procedures are performed for home visitation services contracts.

Status:

Implemented. On-site monitoring was performed for the home visitation services contracts during fiscal years 2005 and 2004 and the CTFB director indicated he plans to continue annual on-site monitoring reviews of the home visitation services contracts. However, see MAR for comments related to other monitoring procedures.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

CHILDREN'S TRUST FUND BOARD HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Children's Trust Fund Board was established by Section 210.170, RSMo, to provide child abuse and neglect public awareness and prevention programs throughout the state. Under the provisions of Section 210.174, RSMo, any individual or corporation may designate a part or all of his/her income tax refund to be contributed to the Children's Trust Fund. Additional funding is derived from contributions made directly to the Children's Trust Fund, fees on marriage licenses, vital records, and federal grants.

Section 210.170, RSMo, provides that the board shall consist of twenty-one members. Seventeen members are appointed by the governor with the advice and consent of the Senate. Members serve until their successor is appointed. Two members of the Missouri House of Representatives are appointed by the speaker of the House and two members of the Missouri Senate are appointed by the president pro tem of the Senate. Members of the Senate and House of Representatives serve on the Children's Trust Fund Board until their term in the House or Senate expires. On June 30, 2005, the Children's Trust Fund Board had nineteen members and two vacancies. Members serving on the board as of June 2005 were:

<u>Members</u>	<u>City</u>	<u>Term Expires</u>
Terry Bloomberg	St. Louis	September 2006
Sam Burton	Rolla	September 2004
Reverend Robert Marty	Mexico	September 2006
Nanci Bobrow, Ph.D.	St. Louis	September 2006
Lynne M. Cooper, D. Min.	St. Louis	September 2005
Shawn Griffin, M.D.	St. Joseph	October 2005
Kay Lynne Myers	Kansas City	September 2006
Christy Broce	Raytown	September 2006
Sarah Long	Poplar Bluff	September 2005
Daniel "Duke" McVey	Jefferson City	September 2000
Laurie Donovan	St. Peters	July 2006
Linda Brown Reed	University City	August 2006
Regina Staves	Kansas City	July 2006
Patrice O'Neal Mugg	Kirkwood	September 2007
Dena Ladd	St. Louis	September 2007
Senator Patrick Dougherty (public member)	St. Louis	September 2005
Senator Carl Vogel	Jefferson City	
Representative Mike McGhee	Odessa	
Representative Brad Robinson	Bonne Terre	

The board is empowered to enter into contracts with public or private agencies, schools, or qualified individuals to establish community-based educational and service programs focused on the prevention of child abuse and neglect. The programs include crisis care, home visiting, counseling, and support

groups. The board also provides public education about the problem of child abuse and neglect. These programs include crisis care, home visiting, counseling, and support groups. The board also provides public education about the problem of child abuse and neglect and how Missouri citizens can contribute to prevention efforts.

The board may appoint an executive director to perform administrative duties. Bill Heberle was appointed Executive Director in November 1998 and resigned effective July 31, 2005. After his resignation, the CTF Board of Directors appointed Kirk Schreiber, program coordinator, as interim Executive Director effective August 1, 2005, and as Executive Director effective October 1, 2005. Three other employees perform various administrative and clerical tasks.

Appendix A

CHILDREN'S TRUST FUND BOARD COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING USES, AND CHANGES IN CASH AND INVESTMENTS

	Year Ended June 30,	
	2005	2004
RECEIPTS		
Contributions	\$ 258,086	271,527
Marriage license fees	960,725	958,327
Vital records sales	533,321	600,354
Intergovernmental receipts	477,315	300,688
Interest	70,679	57,444
Interagency receipts *	484,549	248,550
Miscellaneous refunds	3,953	44
Total Receipts	<u>2,788,628</u>	<u>2,436,934</u>
DISBURSEMENTS		
Personal service	165,913	162,909
Expense and equipment	73,189	68,171
Program disbursements	2,588,629	2,274,684
Office lease	0	5,775
Refunds	250,270	0
Unemployment benefits	176	0
Total Disbursements	<u>3,078,177</u>	<u>2,511,539</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS BEFORE OTHER FINANCING SOURCES (USES)	(289,549)	(74,605)
OTHER FINANCING SOURCES (USES) **		
Transfers in	137,070	156,373
Transfers out	<u>(103,775)</u>	<u>(105,828)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS AND OTHER FINANCING SOURCES (USES)	(256,254)	(24,060)
CASH BALANCE, JULY 1	3,278,420	3,310,215
Prior period adjustment ***	0	(7,735)
Adjusted cash balance, July 1	<u>3,278,420</u>	<u>3,302,480</u>
CASH BALANCE, JUNE 30	<u>\$ 3,022,166</u>	<u>3,278,420</u>

* Interagency receipts include payments received from other state agencies for contracted services.

** Transfers in amounts are income tax contributions designated by individual and corporate taxpayers on their income tax returns under the provisions of Section 143.1000, RSMo. Transfer out amounts include employee fringe benefits, allocation of costs in support of the state's central services and other.

*** The cash balance at July 1, 2003, as previously stated has been decreased to agree to the State Treasurer's Report cash balance.

Appendix B

CHILDREN'S TRUST FUND BOARD
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

Year Ended June 30,						
	2005			2004		
	<u>Appropriations</u>	<u>Expenditures</u>	<u>Lapsed Balances</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Lapsed Balances</u>
CHILDREN'S TRUST FUND						
Programs	\$ 3,360,000	2,588,629	771,371	3,360,000	2,274,684	1,085,316
Federal and other fund refunds	250,271	250,270	1	0	0	0
Personal service	191,421	165,913	25,508	185,421	162,909	22,512
Expense and equipment	146,239	73,189	73,050	146,239	68,171	78,068
Office lease	27,945	0	27,945	33,720	5,775	27,945
Unemployment benefits	400	176	224	0	0	0
Total Children's Trust Fund	<u>\$ 3,976,276</u>	<u>3,078,177</u>	<u>898,099</u>	<u>3,725,380</u>	<u>2,511,539</u>	<u>1,213,841</u>

Appendix C

CHILDREN'S TRUST FUND BOARD
COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

	Year Ended June 30,				
	2005	2004	2003	2002	2001
Salaries and wages	\$ 165,913	162,909	170,239	162,429	155,691
Travel, in-state	6,395	7,759	11,157	9,355	8,945
Travel, out-of-state	2,614	1,847	0	161	6,619
Fuel and utilities	0	1,247	3,198	3,726	2,590
Supplies	26,817	23,471	24,767	23,851	0
Administrative supplies	0	0	0	0	19,868
Merchandising supplies	0	0	0	0	5,377
Repair, maintenance, and usage supplies	0	0	0	0	327
Specific use supplies	0	0	0	0	15
Professional development	1,975	2,385	3,595	1,225	4,460
Communication service and supplies	4,346	5,679	5,787	6,055	7,445
Business services	0	0	0	0	62,706
Professional services	25,759	19,763	50,245	61,967	4,627
Housekeeping and janitorial services	0	896	1,269	0	266
Maintenance and repair services	258	1,695	809	844	0
Equipment maintenance and repair service	0	0	0	0	1,075
Computer equipment	1,895	1,207	0	60	47
Office equipment	222	36	0	0	178
Other equipment	0	0	0	420	0
Real property rentals and leases	1,400	6,223	14,460	14,471	16,445
Equipment rental and leases	0	0	1,509	67	0
Building and equipment rentals	0	0	0	0	1,802
Miscellaneous expenses	1,508	1,909	3,933	8,062	13,162
Refunds	250,270	0	0	80	0
Program distributions	2,588,805	2,274,513	2,623,428	3,065,101	2,736,594
Total Expenditures	\$ <u>3,078,177</u>	<u>2,511,539</u>	<u>2,914,396</u>	<u>3,357,874</u>	<u>3,048,239</u>

Note: Certain classifications of expenditures changed during the five-year period, which may affect the comparability of the amounts.